UAL REPORT ARKANSAS POWER & LIGHT COMPANY

We're the Energy Idea People.

Communicating Energy Perspectives. One of AP&L's major priorities in this new decade is to effectively communicate the Company's energy directions to its many publics. This two-way information flow is an essential ingredient in reinforcing confidence in AP&L's energy choices and in gaining customer cooperation in achieving conservation and load management objectives. To give you an insight into this communications program, we are providing a copy of a new Company brochure, entitled "How AP&L's Energy Idea People Are Meeting the Challenge of the Eighties." This publication combined with numerous other information vehicles will be key elements in helping to assure an operating climate for AP&L anchored to open and straightforward communications.

Performance Highlights	1979	1978	% Increase
Revenues from operations (000)	**$ 583,826**	$ 556,488	5
Operation and maintenance expenses (000)	**$ 438,124**	$ 379,477	15
Net Income (000)	**$ 83,742**	$ 87,620	(4)
Capitalization (000)	**$1,565,741**	$1,400,442	12
Construction expenditures (000)	**$ 291,774**	$ 262,863	11
Total utility plant investment—end of year (000)	**$2,211,886**	$1,964,285	13
Customers (End of year)	**463,087**	456,507	1
Energy sales to ultimate customers (Millions of Kilowatt hours)	**13,684**	13,099	4
Employees (End of year)	**3,714**	3,345	11
Peak demand (Megawatts)	**3,521**	3,654	(4)
Average use per customer (Kilowatt hours)			
Residential	**9,778**	10,377	(6)
Commercial	**50,041**	51,338	(3)

A Message from the President

Come with me back in time to 1969.

We at Arkansas Power & Light Company were closing out the decade of the Sixties with a solid ten-year record of growth; a stable generating system with over 90 percent of our generation being fueled by plentiful, low-cost natural gas; an operating environment anchored to public cooperation; construction underway on the Southwest's first nuclear-fueled generating unit; and a marketing program promoting the advantages of "Total Electric Living."

With optimism, we justifiably approached the new decade as a period of almost predictable progress. However, like virtually every energy industry in America, we quickly realized that the Seventies were to be anything but "predictable." Major events which have affected our operations include the curtailment of natural gas for generating purposes; the conversion of all of our generating facilities to oil-fired operation; the Arab Oil Embargo and the constantly rising price of oil; the increased government regulation; the construction of a second nuclear-fueled unit and four coal-fired units; the design and operating modifications at our nuclear units following the events at Three Mile Island; the implementation of energy conservation and load management programs; and the seeking of both retail and wholesale rate increases to help maintain financial integrity.

Unquestionably, the decade of the Seventies can be characterized as the most challenging period in the history of Arkansas Power & Light Company and one that established energy directions and trends that will have a lasting effect.

In spite of these challenges, we at AP&L have been able to meet the tests of the Seventies with a high degree of success. Our record of accomplishment, our ability to adapt to our ever-changing operating climate and the leadership we have taken through our fuel diversification, energy conservation and load management efforts are the product of a corporate team dedicated to excellence in every way.

A look at the major highlights of 1979 provides an insight into our total operations and will serve as a base for our plans and programs in this new decade.

In the area of generation and construction, we continued our efforts to lessen our dependency on oil-fired generation. Unit 2 of Arkansas Nuclear One underwent final testing in 1979 and will be in commercial operation during the first quarter of 1980.

Construction continued at our two coal-fired stations—White Bluff near Redfield and Independence near Newark. We anticipate that the first unit at White Bluff will begin operation this summer, adding 422 megawatts of additional capacity to the AP&L system. The other White Bluff unit will follow in 1981 with the two units at Independence scheduled for operation in 1983 and 1985. On these four 740-megawatt units, we will have co-owners which include the Arkansas Electric Cooperative Corporation

(AECC), a 35 percent undivided interest; the City of Jonesboro, five percent undivided interest; the City of Conway, two percent undivided interest; and the City of West Memphis, one percent undivided interest. The City of Osceola will participate in the Independence units with a one-half of one percent undivided interest.

Last September we announced joint plans with AECC to seek regulatory approval for the Arkansas Lignite Energy Center. To be located in South Arkansas near Hampton, the Center will use Arkansas lignite as its boiler fuel from a mine to be developed in Calhoun County. These two additional 750-megawatt units are scheduled to come into service sometime in the latter part of this decade or in the early 1990's.

As a result of these efforts, we estimate that approximately 80 percent of our customers' energy requirements in 1985 can be met by AP&L generating facilities fueled by coal and nuclear energy.

Inflation and rising construction and operating costs have placed intense financial pressures on AP&L. We have responded to this situation by taking positive action throughout the Company. Cost reduction and efficiency have become our hallmark. Wherever practical, we have expanded expense control and, in some cases, have eliminated or deferred expenditures for certain Company programs. Our management of construction program costs has been highly effective as has the reorganization of division field operations.

These efforts have had a beneficial impact on our financial condition. However, because of inflation and increased operating costs, we will be forced to seek additional rate relief in 1980.

A review of our Company's performance highlights mirrors the problems being faced by most electric utilities across the nation ... the increased costs of fuel, materials and wages; greater and greater capital outlays; and longer construction periods. These problems were compounded at AP&L by two unrelated events: (1) a record-setting mild summer and (2) extended downtime at Unit 1 of Arkansas Nuclear One due to the events at Three Mile Island and the modifications which were required as a result.

The mild summer we experienced throughout our service area is evidenced by the fact that we did not record a single 100-degree reading in Metropolitan Little Rock. This unusual situation resulted in a reduction of traditional air conditioning load, hence less energy sales for both residential and commercial customers and accounted in large part for the four percent decrease we experienced from our 1978 peak.

Company revenues from operations showed a five percent increase over 1978, but a 15 percent climb in operation and maintenance expenses pushed our net income down four percent. The bulk of this increase in O&M expenses went for fuel purchases. These purchases became necessary primarily due to the downtime at our nuclear unit. Unit 1 went into a refueling period shortly after the Three Mile Island accident and subsequent regulatory directives kept the unit off line much longer than expected. Two outages related to turbine failure at the unit were also experienced.

Our construction expenditures in 1979 were $291.8 million. Construction expenditures during the period 1980 through 1982 are estimated to be about $720 million, including $84.7 million of allowance for funds used during construction.

Energy conservation and load management initiatives continue as high priority programs. Presently being positioned as "The Energy Idea People," AP&L customer service representatives are working throughout our service territory advising customers on how they can get the most from their energy dollar. For instance, over 30,000 Air Conditioning Switches have been installed on residential central air conditioning systems with the customer receiving a billing credit for allowing us to interrupt service during peak periods, particularly during very hot summer afternoons. This same type of radio-controlled device was introduced in 1979 for use on agricultural irrigation pumps and is being proposed for use on commercial air conditioning systems.

An optional residential time-of-use rate is also being proposed for introduction in 1980 so that we can gain valuable information on customer attitudes and acceptance on this innovative service approach.

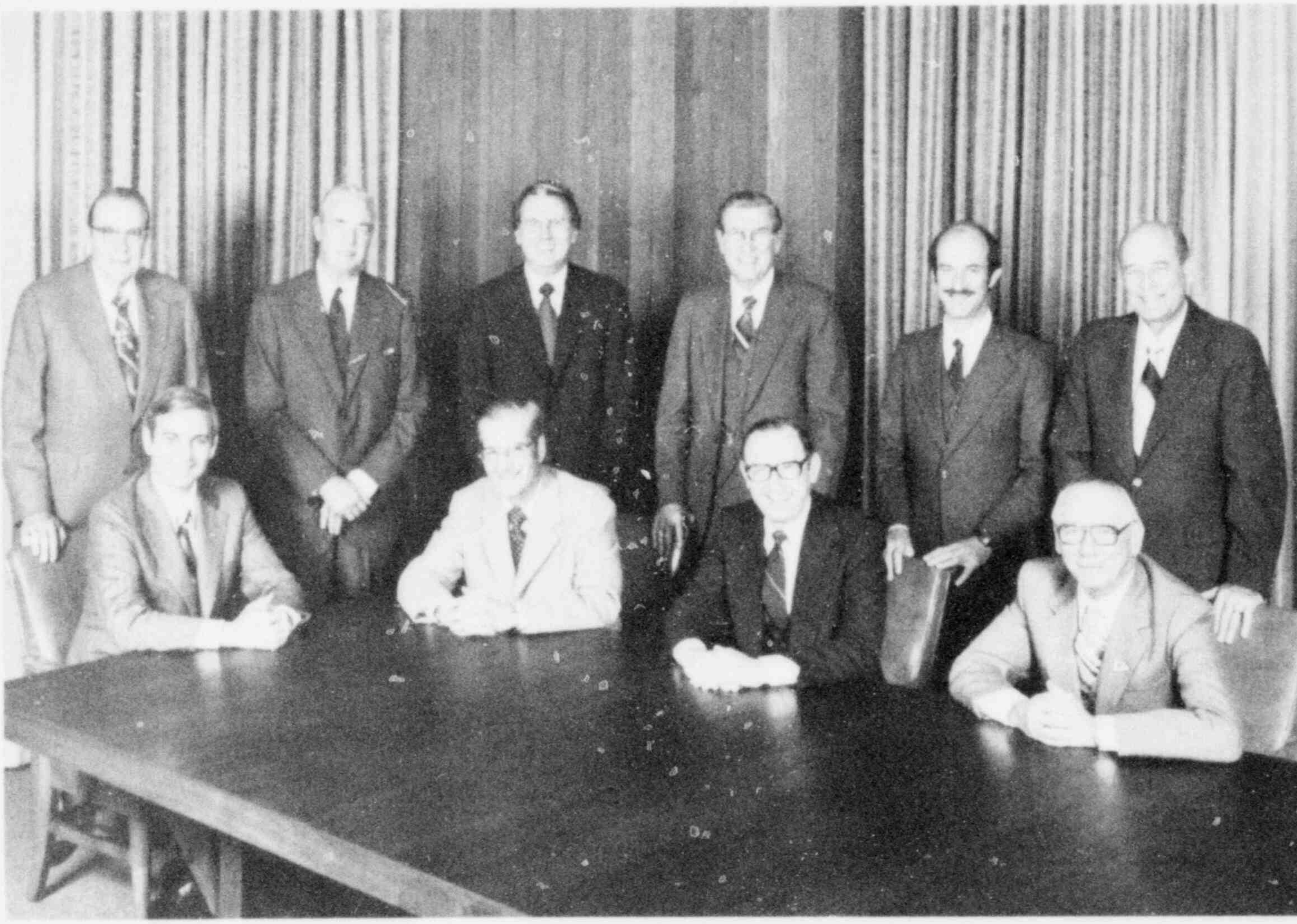
Other major research and development programs include evaluation of the Arkansas Energy Saving Solar Homes, which were built in Little Rock last year; co-generation ventures between industry and the Company with a pilot generating plant going into service in 1979 in El Dorado; and studies involving hydro-electric expansion, solid waste fuel potential, geothermal technology and other renewable resources.

More than ever before, we are committed to exploring and developing energy ideas that will aid us in meeting our important responsibility of providing our customers with an adequate and reliable supply of electric energy at the lowest practical cost. The Eighties and beyond represent both opportunity and challenge in the electric utility industry. We at AP&L are confident that together with our sister companies in the Middle South Utilities System we will be able to make this period one that will be remembered with pride.

We appreciate your continuing confidence and support and invite your comments and suggestions about our operations at AP&L at anytime.

Jerry L. Maulden

Jerry L. Maulden
President & Chief Executive Officer



Arkansas Power & Light Company Board of Directors, seated, left to right, Jerry L. Maulden; Reeves E. Ritchie; Floyd W. Lewis; and Lawrence Blackwell. Standing, left to right, L.C. Carter; R.E.L. Wilson; Robert D. Pugh; J.D. Phillips; William C. Nolan, Jr.; and Roy Murphy.

Board of Directors

Lawrence Blackwell
Attorney
Pine Bluff, Arkansas
Elected 1958

L.C. Carter
Past President
Riceland Foods, Ret.
Stuttgart, Arkansas
Elected 1960

Floyd W. Lewis
Chairman of the Board
& Chief Executive Officer
Middle South Utilities, Inc.
New Orleans, Louisiana
Elected 1971

Jerry L. Maulden
President & Chief Executive
Officer of the Company
Little Rock, Arkansas
Elected 1979

Roy Murphy
President
Mid-South Engineering Co.
Hot Springs, Arkansas
Elected 1977

William C. Nolan, Jr.
Attorney
El Dorado, Arkansas
Elected 1971

J.D. Phillips
Senior Vice President
of the Company
Pine Bluff, Arkansas
Elected 1972

Robert D. Pugh
Partner, Pugh and Company
Portland, Arkansas
Elected 1971

Reeves E. Ritchie
Past Chairman of the Board
of the Company, Ret.
Little Rock, Arkansas
Elected 1962

R.E.L. Wilson
Chairman of the Board
& Chief Executive Officer
Lee Wilson and Company
Wilson, Arkansas
Elected 1967

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. System of Accounts

The accounts of the Company are maintained in accordance with the system of accounts prescribed by the Federal Energy Regulatory Commission (FERC).

B. Revenues and Fuel Costs

The Company records revenues as billed to its customers on a cycle billing basis. Revenue is not accrued for energy delivered but not billed at the end of the fiscal period.

Substantially all of the rate schedules of the Company include adjustment clauses under which fuel costs above or below the levels allowed in the various rate schedules are permitted to be billed or required to be credited to customers. The Company has adopted a deferral method of accounting for those fuel costs recoverable under fuel adjustment clauses. Under this method, such costs are deferred to the month in which the related revenues are billed.

The fuel adjustment factor contains an amount for a nuclear reserve fund, estimated to cover the replacement cost of energy which would have been generated using nuclear fuel when the nuclear plant is down for refueling. The fund bears interest and is credited to fuel and purchased power expenses when the plant is down for refueling.

C. Utility Plant and Depreciation

Utility plant is stated at original cost. The costs of additions to utility plant include contracted work, direct labor and materials, allocable overheads and an allowance for the composite cost of funds used during construction. The costs of units of property retired are removed from utility plant and such costs plus removal costs, less salvage, are charged to accumulated depreciation. Maintenance and repair of property and replacement of items determined to be less than units of property are charged to operating expenses.

Depreciation is computed on the straight-line basis at rates based on the estimated service lives of the various classes of property. Depreciation provided in 1979 and 1978 amounted to approximately 3.4% each year on average depreciable property. Principally all the Company's utility plant is subject to the lien of its first mortgage bond indentures.

D. Pension Plan

The Company has a pension plan covering substantially all of its employees. Pension costs in 1979 and 1978 amounted to $5,035,000 and $5,202,000, respectively, including amortization of unfunded prior service costs over a period of 20 years. The policy of the Company is to fund pension costs accrued. Assets of the plan are in excess of vested benefits.

E. Income Taxes

The Company joins its parent in filing a consolidated Federal income tax return and income taxes are allocated to the Company in proportion to its contribution to the consolidated tax liability.

Deferred income taxes are provided for differences between book and taxable income to the extent permitted by the regulatory bodies for ratemaking purposes. Investment tax credits allocated to the Company are deferred and amortized, based upon the average useful life of the related property beginning with the year utilized in the consolidated tax return.

F. Allowance for Funds Used During Construction

In accordance with the regulatory system of accounts, the Company capitalizes, as an appropriate cost of utility plant, an allowance for funds used during construction. This allowance (a non-cash item) represents the net costs of funds used to finance construction. The effective rates of such allowances were 7.69% and 7.60% for the years 1979 and 1978, respectively.

G. Reserves

It is the policy of the Company to provide reserves for uninsured property risks and for claims for injuries and damages through charges to operating expense on an accrual basis. Accruals for these reserves have been allowed for ratemaking purposes. Effective in the first quarter of 1979, the Company commenced recording deferred taxes on these reserves.

ARKANSAS
MIDDLE SOUTH UTILITIES SYSTEM

BALANCE SHEETS AT DECEMBER 31, 1979 and 1978

ASSETS

	1979	1978
	In Thousands	
Utility Plant (Notes 4 and 5):		
Electric plant	$1,231,832	$1,178,601
Construction work in progress	980,054	785,684
Total	2,211,886	1,964,285
Less—accumulated depreciation and amortization	364,447	331,231
Utility plant—net	1,847,439	1,633,054
Other Property and Investments:		
Investments in associated companies, at equity (Note 5)	32,002	19,384
Other, at cost (less accumulated depreciation)	467	523
Total	32,469	19,907
Current Assets:		
Cash and special deposits (Note 3)	3,863	769
Notes receivable	1,801	1,442
Accounts receivable:		
Customer and other (less allowance for doubtful accounts—$924,000 in 1979 and $744,000 in 1978)	29,011	23,298
Associated companies	712	77
Deferred fuel cost	13,192	4,779
Materials and supplies, at average cost	6,930	5,935
Prepayments and other	2,302	3,120
Total	57,811	39,420
Deferred Debits	2,924	1,956
Total	$1,940,643	$1,694,337

See Notes to Financial Statements

LIABILITIES

	1979	1978
	In Thousands	
Capitalization:		
Equity capital:		
Common stock, $12.50 par value: authorized 50,000,000 shares; issued and outstanding, 34,236,773 shares in 1979 and 31,836,773 shares in 1978	$ 427,960	$ 397,960
Retained earnings (Note 6)	90,657	81,448
Total common shareholder's equity	518,617	479,408
Preferred stock and premium, without sinking fund (Page 10)	126,890	111,709
Preferred stock and premium, with sinking fund (Page 10)	100,518	60,063
Long-term debt (Page 11)	819,716	749,262
Total	1,565,741	1,400,442
Current Liabilities:		
Currently maturing long-term debt (Page 11)	6,000	8,700
Notes payable—Commercial paper (Note 3)	80,130	40,200
Accounts payable:		
Associated companies	3,791	8,982
Other	46,839	19,326
Customer deposits	4,949	7,512
Taxes accrued	24,327	19,391
Accumulated deferred income taxes (Note 2)	6,496	2,443
Interest accrued	22,730	16,763
Dividends declared	4,887	3,505
Nuclear fuel reserve	3,351	9,176
Other	7,391	3,092
Total	210,891	139,090
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes (Note 2)	125,417	114,209
Accumulated deferred investment tax credits (Note 2)	32,211	32,963
Other	7,192	6,724
Total	164,820	153,896
Reserves	(809)	909
Commitments and Contingencies (Notes 1, 4 and 5)		
Total	$1,940,643	$1,694,337

See Notes to Financial Statements

ARKANSAS
MIDDLE SOUTH UTILITIES SYSTEM

STATEMENTS OF INCOME AND RETAINED EARNINGS

For the Years Ended December 31, 1979 and 1978

	1979	1978
	In Thousands	
Statements of Income		
Operating Revenues (Note 9)	$583,826	$556,488
Operating Expenses:		
Operation:		
Fuel	174,667	167,681
Purchased power	171,425	120,804
Other	61,850	62,136
Maintenance	30,182	28,856
Depreciation	39,708	38,365
Taxes other than income taxes	25,032	23,436
Income taxes (Note 2)	11,213	33,813
Total	514,077	475,091
Operating Income	69,749	81,397
Other Income and Deductions:		
Allowance for equity funds used during construction	45,045	36,214
Miscellaneous—net	6,874	4,583
Income taxes (Note 2)	16,753	12,403
Total	68,672	53,200
Interest Charges:		
Interest on long-term debt	67,091	56,949
Other interest—net of debt premium	8,446	4,076
Allowance for borrowed funds used during construction	(20,858)	(14,048)
Total	54,679	46,977
Net Income	$ 83,742	$ 87,620

	1979	1978
Statements of Retained Earnings		
Retained Earnings—January 1	$ 81,448	$ 55,641
Add—Net income	83,742	87,620
Total	165,190	143,261
Deduct—Cash dividends:		
Preferred stock	17,474	14,020
Common stock	57,059	47,793
Total	74,533	61,813
Retained Earnings—December 31 (Note 6)	$ 90,657	$ 81,448

See Notes to Financial Statements

ARKANSAS
MIDDLE SOUTH
UTILITIES SYSTEM

STATEMENTS OF SOURCE OF FUNDS FOR UTILITY PLANT ADDITIONS

For the Years Ended December 31, 1979 and 1978

	1979	1978
	In Thousands	
Source of Funds:		
From operations:		
Net income	$ 83,742	$ 87,620
Depreciation	39,708	38,365
Deferred income taxes and investment tax credit adjustments—net	14,508	25,197
Allowance for funds used during construction	(65,903)	(50,262)
Total	72,055	100,920
Dividends declared:		
Preferred stock	(17,474)	(14,020)
Common stock	(57,059)	(47,793)
Total	(74,533)	(61,813)
Funds retained in business	(2,478)	39,107
From decrease (increase) in working capital (excluding short-term securities, currently maturing long-term debt and deferred taxes included in current liabilities)*	12,128	(48,367)
Investment in associated companies	(12,618)	1,643
Deferred payments on construction contracts	—	(4,200)
Miscellaneous—net	(1,512)	550
Total	(4,480)	(11,267)
From financing transactions:		
Common stock	30,000	15,000
Preferred stock	55,000	—
First Mortgage bonds:		
Issues	60,000	75,000
Retirements	(8,700)	(7,500)
Installment purchase transactions	16,406	15,317
Book value of utility plant sold	54,513	13,532
Short-term securities—net	39,930	69,515
Total	247,149	180,864
TOTAL	$242,669	$169,597
Utility Plant Additions (excludes allowance for funds used during construction):		
Construction expenditures	$226,126	$213,055
Nuclear fuel	20,056	330
Other plant additions—net**	(3,513)	(43,788)
TOTAL	$242,669	$169,597

*The working capital decrease in 1979 and increase in 1978 are primarily attributable to increases in 1979 and decreases in 1978 in accounts payable and taxes accrued.

**Other plant additions include the payment in 1979 of Deferred Payables on construction projects in the amount of $3,600,000 and in 1978 the purchase of Citizens Light & Power Company for $355,000 and the payment of Deferred Payables on construction projects in the amount of $44,077,000.

See Notes to Financial Statements

ARKANSAS
MIDDLE SOUTH UTILITIES SYSTEM

SCHEDULES OF PREFERRED STOCK

Cumulative, $100 Par Value	Shares Authorized	Shares Outstanding 1979	Shares Outstanding 1978	Current Call Price Per Share
Without sinking fund:				
4.32% series	70,000	70,000	70,000	$103.647
4.72% series	93,500	93,500	93,500	107.00
4.56% series	75,000	75,000	75,000	102.83
4.56% 1965 series	75,000	75,000	75,000	102.50
6.08% series	100,000	100,000	100,000	102.83
7.32% series	100,000	100,000	100,000	103.17
7.80% series	150,000	150,000	150,000	107.15
7.40% series	200,000	200,000	200,000	106.50
7.88% series	150,000	150,000	150,000	106.94
Total	1,013,500	1,013,500	1,013,500	
With sinking fund*:				
10.60% series	200,000	200,000	200,000	112.04
11.04% series	400,000	400,000	400,000	112.54
Total	600,000	600,000	600,000	
Unissued	2,386,500			
Total	4,000,000			
Cumulative, $25 Par Value				
Without sinking fund:				
8.84% series	400,000	400,000	400,000	28.21
10.40% series	600,000	600,000	—	28.60
Total	1,000,000	1,000,000	400,000	
With sinking fund*:				
9.92% series	1,600,000	1,600,000		28.18
Unissued	7,400,000	—		
Total	10,000,000	1,600,000		
Total Preferred Stock	14,000,000			

	In Thousands 1979	In Thousands 1978
Without sinking fund:		
Stated at $100 a share	$101,350	$101,350
Stated at $25 a share	25,000	10,000
Premium	540	359
Total preferred stock and premium, without sinking fund	$126,890	$111,709
With sinking fund:		
Stated at $100 a share	$ 60,000	$ 60,000
Stated at $25 a share	40,000	—
Premium	518	63
Total preferred stock and premium, with sinking fund	$100,518	$ 60,063

*These Series are to be retired in full through the operation of sinking funds at a redemption price of $100 per share on the 10.60% and 11.04% series and $25 per share on the 9.92% series plus accumulated dividends to the date of such redemption. Beginning July 1, 1980, the 10.60% series is to be redeemed at the rate of 10,000 shares each year through 1999. Beginning November 1, 1980, the 11.04% series is to be redeemed at a rate of 20,000 shares each year through 1999. Beginning June 1, 1984, the 9.92% series is to be redeemed at a rate of 80,000 shares each year through 2003.

See Notes to Financial Statements

ARKANSAS
MIDDLE SOUTH UTILITIES SYSTEM

SCHEDULES OF LONG-TERM DEBT

	1979	1978
	In Thousands	
FIRST MORTGAGE BONDS:		
2-7/8% series due 1979	$	$ 8,700
2-7/8% series due 1980	6,000	6,000
3-5/8% series due 1981	8,000	8,000
9-1/4% series due 1981	60,000	60,000
3-1/2% series due 1982	15,000	15,000
3-1/4% series due 1984	7,500	7,500
3-3/8% series due 1985	18,000	18,000
4-7/8% series due 1991	12,000	12,000
4-3/8% series due 1993	15,000	15,000
4-5/8% series due 1995	25,000	25,000
5-3/4% series due 1996	25,000	25,000
5-7/8% series due 1997	30,000	30,000
7-3/8% series due 1998	15,000	15,000
9-1/4% series due 1999	25,000	25,000
9-5/8% series due 2000	25,000	25,000
7-5/8% series due 2001	30,000	30,000
8 % series due 2001	30,000	30,000
7-3/4% series due 2002	35,000	35,000
7-1/2% series due 2002	15,000	15,000
8 % series due 2003	40,000	40,000
8-1/8% series due 2003	40,000	40,000
10-1/2% series due 2004	40,000	40,000
10-1/8% series due 2005	40,000	40,000
9-1/8% series due 2007	75,000	75,000
9-7/8% series due 2008	75,000	75,000
10-1/4% series due 2009	60,000	
TOTAL FIRST MORTGAGE BONDS*	766,500	715,200
INSTALLMENT PURCHASE CONTRACTS:		
Pope County, Arkansas Due 2006, 7-3/8%	16,600	16,600
Jefferson County, Arkansas, Due 2007, 6-1/8%	47,000	47,000
Jefferson County, Arkansas, Due 2008, 7-1/4%	9,200	9,200
Pope County, Arkansas, Due 2008, 7-1/4%	2,900	2,900
Less: Amount held in construction funds	18,246	34,653
TOTAL INSTALLMENT PURCHASE CONTRACTS	57,454	41,047
UNAMORTIZED PREMIUM AND DISCOUNT ON DEBT-NET	1,762	1,715
TOTAL	825,716	757,962
LESS: CURRENT MATURITIES INCLUDED IN CURRENT LIABILITIES	6,000	8,700
LONG-TERM DEBT EXCLUDING AMOUNT DUE WITHIN ONE YEAR	$819,716	$749,262

*Annual sinking fund requirements, which may be met by certification of property additions at the rate of 167% of such requirements, amount to $6,973,000 in 1980.

See Notes to Financial Statements

1. Rate Matters

The Attorney General of Arkansas filed a complaint with the Arkansas Public Service Commission (APSC) on April 23, 1979, in which he alleged that the Company had erroneously applied the then existing fuel adjustment clause to retail customers from April 1977 through March 1979 and thereby overcharged these customers $17,297,000. The complaint alleged that such overcharges would continue as long as the Company continued to apply the fuel adjustment clause in the same manner. The Staff of the APSC has concurred with the Attorney General's conclusion. The Company does not believe that there was any erroneous application or overcharge. On July 3, 1979, the APSC issued an interim order directing the Company to begin and continue in the future applying its fuel adjustment clause according to the Attorney General's interpretation when the nuclear generating units are not down for refueling and in accordance with the Company's interpretation when the nuclear generating units are down for refueling. The July 3, 1979 order stated it was not deciding the propriety and legality of ordering refunds by the Company for its administration of the fuel adjustment clause from May 21, 1976 (which was the date of a final order of the APSC under which a new fuel adjustment clause similar to the clause which was the subject of the Attorney General's complaint was placed in effect) to the date of the July 3, 1979 order and stated that decision would be made later. A petition for rehearing of the issues in the July 3, 1979 order filed by the Company August 3, 1979 was legally deemed denied when the APSC did not pass on the petition by September 2, 1979. The Company has appealed the decision to the Circuit Court of Pulaski County.

2. Income Taxes

Income tax expense consists of the following:

	1979	1978
	In Thousands	
Current		
Federal	$(20,593)	$ (3,248)
State	545	(540)
Total	(20,048)	(3,788)
Deferred—Net		
Liberalized depreciation	25,134	17,626
Taxes capitalized on books	4,633	4,022
Interest capitalized on nuclear fuel	3,778	3,109
Revenues collected in advance—nuclear fuel reserve	3,041	(34)
Deferred fuel cost	4,052	(208)
Other	446	2,118
Reduction due to tax loss carryforward	(25,824)	—
Total	15,260	26,633
Investment tax credit adjustments—net	(752)	(1,435)
Total income taxes	$ (5,540)	$ 21,410
Charged to operations	$ 11,213	$ 33,813
Credited to other income	(16,753)	(12,403)
Total	$ (5,540)	$ 21,410

Total income taxes differ from the amounts computed by applying the statutory Federal income tax rate to income before taxes. The reasons for the differences are as follows:

	1979		1978	
	Amount	% of Pre-Tax Income	Amount	% of Pre-Tax Income
Computed at statutory rate	$ 35,973	46.0%	$ 52,334	48.0%
Increases (reductions) in tax resulting from:				
Allowance for funds used during construction	(30,316)	(38.8%)	(24,126)	(22.1%)
Difference between book depreciation and tax straight-line depreciation	(9,027)	(11.5%)	(4,415)	(4.1%)
Difference between interest capitalized on nuclear fuel combined with tax depreciation of nuclear fuel and nuclear fuel expense	(2,405)	(3.1%)	(856)	(0.8%)
Adjustment of consolidated savings due to tax loss	1,912	2.4%	—	—
Other—net	(1,677)	(2.1%)	(1,527)	(1.4%)
Recorded income taxes	$ (5,540)	(7.1%)	$ 21,410	19.6%

In 1979, the Company incurred a federal tax loss of $96,840,000. The tax effect of the portion of the loss which was not realized during 1979 has been recorded as a reduction of deferred income taxes.

Unused investment tax credits at December 31, 1979 amounted to $62,148,000, of which $9,550,000 may be carried forward through 1984, $33,018,000 through 1985, and $19,580,000 through 1986.

Prior to 1979 the investment tax credit utilized in the consolidated tax return was allocated to each System company on the basis of such credit contributed. Effective in 1979 the method of allocating investment tax credit was changed so that it is allocated on the basis of each company's portion of the consolidated tax liability; any additional credit utilized is allocated on the basis of the remaining tax credits.

3. Lines of Credit and Short-Term Borrowings

The Company had arrangements with certain banks and a commercial paper dealer providing for short-term borrowings of up to $125,000,000 as of December 31, 1979 and December 31, 1978. The Company received authorization on January 2, 1980 from the Securities & Exchange Commission to increase the aggregate amount of such short-term borrowings permitted to be outstanding at any one time to $150,000,000. Accounts are maintained with certain lending Arkansas banks and, although balances in some of these accounts may be deemed to be compensating balances, most of these accounts are working accounts, and fluctuations in their balances do not reflect or depend upon fluctuations in the amounts of bank loans outstanding. In support of the arrangements with non-Arkansas banks, the Company maintains compensating balances of up to 10% of the lines of credit with these banks ($7,262,500 at December 31, 1979 and $5,813,000 at December 31, 1978) which are not restricted as to withdrawal. Borrowings under these arrangements may require compensating balances of up to an additional 10% of the average annual amount of outstanding loans from these banks. The aggregate amounts of the unused lines of credit as of December 31, 1979 and December 31, 1978 were $44,870,000 and $84,800,000, respectively.

The short-term borrowings and the applicable interest rates (determined by dividing applicable interest expense by the average amount borrowed) for the Company were as follows:

	1979	1978
Maximum borrowing	$96,000,000	$87,100,000
Average borrowing:		
Bank loans	$33,144,000	—
Commercial paper	$19,961,000	$39,151,000
Average interest rate during the period:		
Bank loans	13.9%	—
Commercial paper	11.0%	8.1%
Average interest rate at end of period:		
Bank loans	15.8%	—
Commercial paper	13.7%	10.4%

4. Leases

The Company accounts for leases on the same basis as that used by its regulatory authority in the ratemaking process which determines the revenues utilized to recover the lease costs. Application of criteria used to define a capital lease would permit recording the following assets and liabilities on the balance sheet:

	1979	1978
	In Thousands	
Assets:		
Utility plant	$38,982	$33,948
Accumulated amortization	9,533	7,201
Net leased property	$29,449	$26,747
Liabilities:		
Noncurrent obligations under capital leases	$30,730	$27,117
Current obligations under capital leases	$ 2,431	$ 1,718

Recording of such leases would not materially affect the amounts reported as either expense or net income.

At December 31, 1979, there were noncancelable leases with minimum rental commitments as follows:

	In Thousands
1980	$ 8,230
1981	8,036
1982	8,851
1983	6,637
1984	5,067
For years thereafter	100,228
TOTAL	$137,049

Prior to August 31, 1978, the Company was a party to two nuclear fuel leases aggregating $90,000,000. On August 31, 1978, the Company terminated one of the leases and amended the remaining lease to permit the Company to lease nuclear fuel up to a maximum of $100,000,000. On November 2, 1979, the Company increased the amount of nuclear fuel which it can lease from $100,000,000 to $130,000,000. Lease payments, which are not included in the tabulations above, are based on nuclear fuel use. The lease, unless sooner terminated by one of the parties, will continue until 2018. The unrecovered cost base of the lease at December 31, 1979 and December 31, 1978 was $111,037,000 and $91,318,000, respectively. Nuclear fuel expense of $15,318,000 in 1979 and $13,279,000 in 1978 was charged to operations.

Rental expense (excluding nuclear fuel) amounted to approximately $8,017,000 and $7,295,000 in 1979 and 1978, respectively.

5. Commitments and Contingencies

The construction program contemplates Company construction expenditures of approximately $283,600,000 in 1980 and $226,900,000 in 1981.

The Federal income tax returns for the years 1971 through 1976 have been examined by the Internal Revenue Service (IRS) and adjustments have been proposed. The principal issue is whether customer deposits are includable in taxable income. A formal written protest has been filed and conferences are being held with an Appeals Officer of the IRS. Any final liability for taxes resulting from settlement with the IRS would not have a material effect on net income. Income taxes on customer deposits would be normalized. Most of the other issues have been settled and adequate provisions have been recorded.

The Company has a 35% interest in System Fuels, Inc. (SFI), a jointly owned subsidiary of four of the principal operating subsidiaries of Middle South Utilities, Inc. SFI operates on a nonprofit basis in planning and implementing programs for the procurement of fuel supplies for the generating units of these operating companies; its costs are primarily recovered through charges for fuel delivered.

The Company has made loans to SFI to further its fuel supply business under certain loan agreements which provide for SFI to borrow up to $213,000,000 from its stockholders. As of December 31, 1979, the Company had loaned $31,815,250 to SFI pursuant to the loan agreements, and the Company's share of the unused loan commitment is $36,270,000. Loans mature in 10 to 25 years from the date of borrowing.

In connection with certain financing arrangements by SFI totaling approximately $94,723,000 at December 31, 1979, the Company and the other SFI stockholders have covenanted and agreed severally in accordance with their respective shares of ownerships of SFI's common stock, that they will take any and all action necessary to keep SFI in a sound financial condition and to place SFI in a position to discharge, and to cause SFI to discharge, its obligations.

The Company has agreed to purchase over a 20 year period, 100 million tons of coal for use at the White Bluff Steam Electric Station. In addition, SFI has entered into a contract with a joint venture for a supply of coal from a mine to be developed in Wyoming, which is expected to provide 150 to 210 million tons over a period of 26 to 42 years; coal so supplied is expected to be used in the Independence Steam Electric Station. SFI has also executed a contract with a vendor subject to regulatory approval for the purchase of an estimated 247 million tons of lignite in Calhoun County, Arkansas, over a 30 year period for years in the future. By separate agreements, AP&L guaranteed SFI's performance of the contract and agreed to purchase the lignite from SFI.

The Company, under the terms of its nuclear fuel lease, is responsible for storage or disposal of spent nuclear fuel. The Company has contracted to sell the first six batches of spent fuel upon discharge from Unit No. 1 of Arkansas Nuclear One; however, the effectiveness of the contract is under question due to the government's policy disallowing reprocessing of spent nuclear fuel. The company is reevaluating its policy regarding the salvage value (which has been previously accrued) as opposed to possible storage or disposal costs for spent nuclear fuel. The Company expects that all costs, determined to be its liability in connection with the use of nuclear fuel, are proper components of nuclear fuel expense, and provisions to recover such costs have been made in applications to regulatory commissions. Based upon a recent study performed by the Company, nuclear plant decommissioning costs are projected to be in excess of amounts the Company is presently recovering through increased depreciation charges over the life of its nuclear plant. The Company is requesting and will request recovery of estimated increased costs in applications to its regulatory commissions. Subsequent to year end the Company received an order from the Arkansas Public Service Commission regarding its then pending retail rate case. Included in that order was approval of the collection of the additional cost associated with the storage or disposal of spent nuclear fuel and decommissioning the nuclear units at the end of their lives.

The Company, together with the other Middle South System Operating Companies, is obligated under agreements with Middle South Energy, Inc. (MSE) to make payments adequate to cover all of the operating expenses and capital costs of MSE and, in return, will receive the power available from MSE's Grand Gulf Plant. The completion dates of the two units of the Grand Gulf Plant, on which $1.4 billion had been expended through 1979, were changed by MSE in December, 1979 to 1982 and 1985 from 1981 and 1984, respectively. Under certain circumstances, payments may be required to be made commencing December 31, 1982 if the first unit of the Grand Gulf Plant has not been completed by that date. The Company's liability, if any, under these agreements is not prospectively determinable.

6. Restricted Retained Earnings

The indenture relating to the Company's long-term debt and provisions of the articles of incorporation relating to the Company's preferred stock provide for restrictions on the payment of cash dividends on common stock. As of December 31, 1979, $65,837,677 of retained earnings are free from such restrictions.

7. Transactions with Affiliates

The Company buys from and sells electricity to the operating subsidiaries of Middle South Utilities, Inc., its parent, under rate schedules filed with the Federal Energy Regulatory Commission. In addition, the Company purchases fuel from System Fuels, Inc.

Operating revenues include revenues from sales to affiliates amounting to $48,320,000 in 1979 and $35,680,000 in 1978. Operating expenses include fuel cost and purchased power charges from affiliates totaling $197,864,000 in 1979 and $225,439,000 in 1978.

ARKANSAS
MIDDLE SOUTH
UTILITIES SYSTEM

8. Quarterly Results (Unaudited)

Operating results for the four quarters of 1979 and 1978 are as follows:

	1979			
	March	June	September	December
	In Thousands			
Operating Revenues	$131,017	$129,486	$172,838	$150,485
Operating Income	18,127	13,386	24,334	13,902
Net Income	20,903	15,908	29,183	17,748

	1978			
	March	June	September	December
	In Thousands			
Operating Revenues	$143,527	$122,311	$167,485	$123,165
Operating Income	17,841	13,656	30,919	18,981
Net Income	20,161	15,174	32,433	19,852

The business of the Company is subject to seasonal fluctuations with the peak period occuring during the summer months. Accordingly, earnings information for any three-month period should not be considered as a basis for estimating the results for a full year.

9. Major Customer

Revenue derived from sales to Reynolds Metals Company as a percent of total operating revenues was 11.3% in 1979 and 7.9% in 1978.

10. Changing Prices (Unaudited)

The following supplementary information about the effects of changing prices on the Company is provided in accordance with the requirements of Statement of Financial Accounting Standards (SFAS) No. 33, "Financial Reporting and Changing Prices." It should be viewed as an estimate of the effect of changing prices, rather than as a precise measure.

STATEMENT OF INCOME FROM OPERATIONS AND
OTHER FINANCIAL DATA ADJUSTED FOR EFFECTS OF CHANGING PRICES
FOR THE YEAR ENDED DECEMBER 31, 1979
(Thousands)

	As Reported In The Financial Statements	Adjusted For General Inflation (Constant Dollars)	Adjusted For Change In Specific Prices (Current Costs)
Operating Revenues	$583,826	$583,826*	$583,826*
Operating Expenses (excluding depreciation)	474,369	474,369*	474,369*
Depreciation	39,708	75,610	88,789
Total Operating Expenses	514,077	549,979	563,158
Operating Income	69,749	33,847	20,668
Other Income	68,672	68,672*	68,672*
Interest and Other Charges	(54,679)	(54,679)*	(54,679)*
Income From Operations (excluding reduction to net recoverable cost)	$ 83,742	$ 47,840**	$ 34,661

ARKANSAS
MIDDLE SOUTH UTILITIES SYSTEM

	Adjusted For General Inflation (Constant Dollars)	Adjusted For Change In Specific Prices (Current Costs)
Increase in specific prices (current cost) of property, plant and equipment held during the year***		$ 271,808
Reduction to net recoverable cost	$(177,462)	(71,141)
Effect of increase in general price level		(364,950)
Excess of increase in general price level over increase in specific prices after reduction to net recoverable cost		(164,283)
Gain from decline in purchasing power of net amounts owed	151,975	151,975
Net	$ (25,487)	$ (12,308)

*Assumed to be in "average for the year" dollars and thus are not restated.

**Including the reduction to net recoverable cost, the loss from operations on a constant dollar basis would have been $129,622 for 1979.

***At December 31, 1979, current cost of property, plant, and equipment net of accumulated depreciation was $3,200,897, while historical cost or net cost recoverable through depreciation was $1,847,603.

FIVE YEAR COMPARISON OF SELECTED SUPPLEMENTARY FINANCIAL DATA ADJUSTED FOR EFFECTS OF CHANGING PRICES

(In Thousands of Average 1979 Dollars)

	Years Ended December 31				
	1979	1978	1977	1976	1975
Operating revenues	$583,826	$619,143	$643,705	$505,690	$427,289
Historical cost information adjusted for general inflation					
Income from operations (excluding reduction to net recoverable cost)	47,840				
Net assets at year-end at net recoverable cost	491,488				
Current cost information					
Income from operations (excluding reduction to net recoverable cost)	34,661				
Excess of increase in general price level over increase in specific prices after reduction to net recoverable cost	164,283				
Net assets at year-end at net recoverable cost	491,488				
General information					
Gain from decline in purchasing power of net amounts owed	151,975				
Average consumer price index	217.4	195.4	181.5	170.5	161.2

NOTE: SFAS No. 33 requires that historical cost information adjusted for general inflation and current cost information be provided for 1979 and subsequent years. Comparable information is not readily available for the years prior to 1979 and thus is not provided.

Constant dollar amounts represent historical costs adjusted for the effects of general inflation. The effects are determined by converting these costs into dollars of equal purchasing power using the Consumer Price Index for all Urban Consumers (CPI-U).

Current cost amounts reflect the changes in specific prices of property, plant and equipment from the year of acquisition to the present. The current costs of property, plant and equipment, which represent the estimated costs of replacing existing plant assets, are determined by applying the Handy-Whitman Index of Public Utility Construction Costs (HWI) to the cost of the surviving plant by year of acquisition. Land and certain other plant assets which are not included in the HWI were converted using the CPI-U.

The difference between current cost amounts and constant dollar amounts results from specific prices of property, plant and equipment (as measured by the Handy-Whitman Index) changing at a rate different than the rate of general inflation (as measured by the Consumer Price Index).

The current year's depreciation expense on the constant dollar and current cost amounts of property, plant and equipment were determined by applying the Company's depreciation rates to the indexed amounts.

The cost of fuel used in generation has not been restated from historical cost. Regulation limits the recovery of fuel costs to actual costs through the operation of adjustment clauses or adjustments in basic rate schedules.

As prescribed in Financial Accounting Standard No. 33, income taxes were not adjusted.

The regulatory commissions to which the Company is subject allow only the historical cost of plant to be recovered in revenues as depreciation. Therefore the excess cost of plant stated in terms of constant dollars or current cost over the historical cost of plant is not presently recoverable in rates. This excess is reflected as a reduction to net recoverable cost. While the rate-making process gives no recognition to the current cost of replacing property, plant and equipment, the Company believes, based on past experiences, that it will be allowed to earn on the increased cost of its net investment when replacement of facilities actually occurs.

To properly reflect the economics of rate regulation in the Statement of Income from Operations presented above, the reduction of net property, plant and equipment to net recoverable cost is offset by the gain from the decline in purchasing power of net amounts owed. During a period of inflation, holders of monetary assets suffer a loss of general purchasing power while holders of monetary liabilities experience a gain. The gain from the decline in purchasing power of net amounts owed is primarily attributable to the substantial amount of debt which has been used to finance property, plant and equipment. Since the depreciation on this plant is limited to the recovery of historical costs, the Company does not have the opportunity to realize a holding gain on debt.

11. Accounting Policies

The summary of significant accounting policies on page 5 is an integral part of these notes to financial statements.

Accountants' Opinion

Deloitte Haskins & Sells
Certified Public Accountants

One Shell Square
New Orleans, Louisiana 70139

Arkansas Power & Light Company

We have examined the balance sheets of Arkansas Power & Light Company as of December 31, 1979 and 1978 and the related statements of income, retained earnings, and source of funds for utility plant additions for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

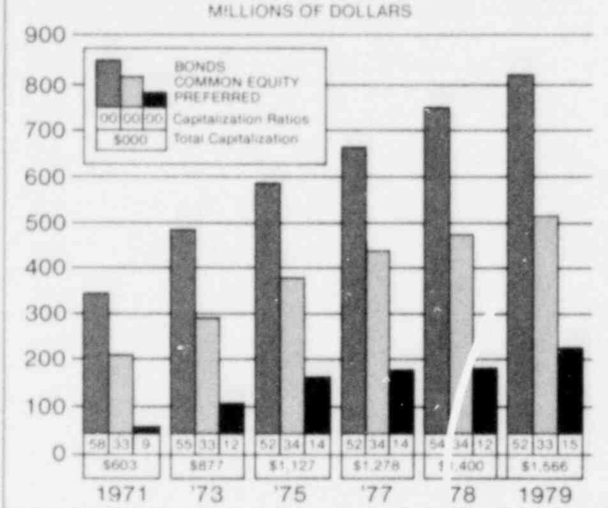
As more fully discussed in Note (1), in April 1979, the Attorney General of Arkansas alleged that the Company had erroneously applied its fuel adjustment clause. On July 3, 1979, the Arkansas Public Service Commission issued an interim order modifying the application of the Company's fuel adjustment clause. The order stated it was not deciding the propriety and legality of ordering refunds and stated that such decision would be made later. In our report dated February 16, 1979 our opinion on the 1978 financial statements was unqualified; however, in view of such rate matter, our present opinion as expressed herein is different from that expressed in our previous report.

In our opinion, subject to the effects, if any, of the outcome of the matter discussed in the preceding paragraph, the above mentioned financial statements present fairly the financial position of the Company at December 31, 1979 and 1978 and the results of its operations and its source of funds for utility plant additions for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

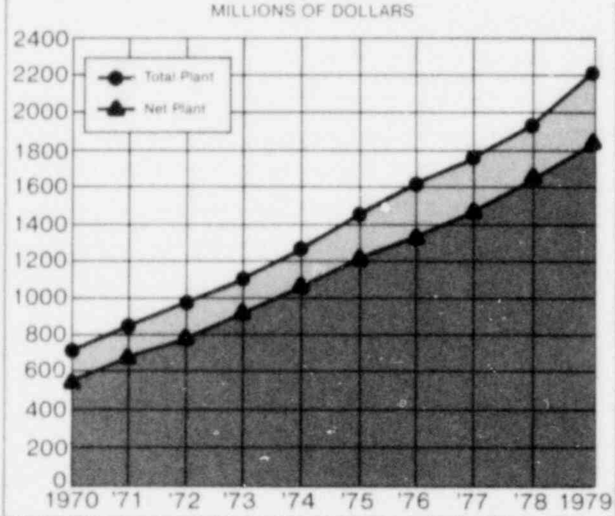
February 15, 1980

Deloitte Haskins & Sells

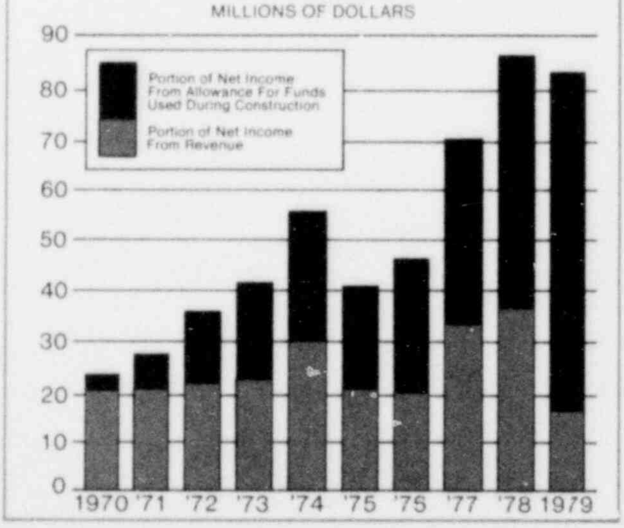
Capitalization and Capitalization Ratios
MILLIONS OF DOLLARS



Utility Plant
MILLIONS OF DOLLARS



Net Income
MILLIONS OF DOLLARS

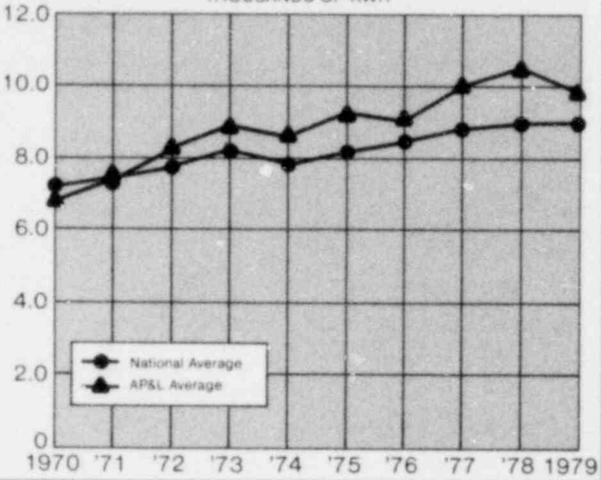


(In Thousands of Dollars)	1979
Capitalization—End of period:	
Equity capital:	
Preferred stock and premium	$ 227,408
Common stock	427,960
Retained earnings	90,657
Total	746,025
Long-term debt:	
First mortgage bonds and premium 1,2	763,549
Installment purchase contracts and discount 2	56,167
Sinking fund debentures	
Total	819,716
Total capitalization	$1,565,741
Annual Payment Requirements:	
Interest on:	
First mortgage bonds	$ 62,436
Installment purchase contracts	4,980
Dividends on preferred stock	19,548
Utility Plant—End of period:	
Electric plant completed	$1,231,832
Construction work in progress	980,054
Nuclear fuel	0
Total utility plant	2,211,886
Less—accumulated depreciation	364,447
Net utility plant	$1,847,439
Income Statement:	
Operating revenues	$ 583,826
Operating expenses:	
Fuel	174,667
Purchased power	171,425
Payroll—Operation and maintenance	40,607
Other operation and maintenance	51,425
Depreciation	39,708
Taxes	36,245
Total	514,077
Operating income	69,749
Other income and deductions—net (excluding AFDC*)	23,627
Interest and other charges:	
Interest on long-term debt	67,091
Other interest—net of debt premium	8,446
Total (excluding AFDC*)	75,537
Income from revenues	17,839
Non-cash income from AFDC*	65,903
Income from accounting change 3	
Net income	$ 83,742

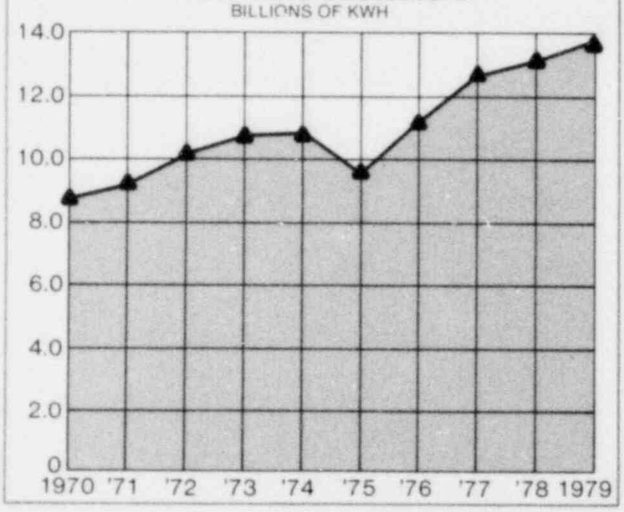
1 Includes unamortized premium on long-term debt beginning in 1973.
2 Excludes currently maturing portion.
3 Cumulative effect to January 1, 1976, of change in accounting for fuel costs.
*AFDC—Allowance for funds used during construction.

1978	1977	1976	1975	1974	1973	1972	1971	1970
$ 171,772	$ 171,772	$ 171,772	$ 161,720	$ 101,657	$ 101,657	$ 86,615	$ 51,529	$ 51,529
397,960	382,960	367,960	337,375	292,375	257,375	202,375	172,375	137,375
81,448	55,641	39,040	41,297	41,869	36,827	34,714	31,043	25,982
651,180	610,373	578,772	540,392	435,901	395,859	323,704	254,947	214,886
709,549	642,979	575,184	586,318	546,284	476,354	393,700	343,700	283,700
39,713	24,505	16,198			4,475	4,475	4,700	4,925
749,262	667,484	591,382	586,318	546,284	480,829	398,175	348,400	288,625
$1,400,442	$1,277,857	$1,170,154	$1,126,710	$ 982,185	$ 876,688	$721,879	$603,347	$503,511
$ 56,536	$ 49,364	$ 42,837	$ 42,837	$ 38,787	$ 29,974	$ 23,524	$ 19,687	$ 15,000
4,980	4,103	1,224						
14,020	14,020	14,020	13,136	6,600	6,600	5,418	2,768	2,768
$1,178,601	$1,139,511	$1,111,119	$1,097,913	$1,051,248	$ 762,319	$727,558	$684,668	$658,853
785,684	610,557	505,669	350,941	215,794	330,585	216,055	151,797	49,595
0	12,747	4,562	8,179	5,229	29,953	26,722	9,148	
1,964,285	1,762,815	1,621,350	1,457,033	1,272,271	1,122,857	970,335	845,613	708,448
331,231	297,464	265,099	240,014	211,456	193,400	175,144	160,665	145,712
$1,633,054	$1,465,351	$1,356,251	$1,217,019	$1,060,815	$ 929,457	$795,191	$684,948	$562,736
$ 556,488	$ 537,408	$ 396,597	$ 316,831	$ 296,811	$ 209,327	$184,810	$166,063	$149,317
167,681	169,890	107,213	76,322	83,840	46,605	36,648	30,151	27,124
120,804	114,225	107,983	56,022	55,936	28,737	25,334	16,705	9,592
35,400	29,448	26,626	24,286	19,486	17,647	15,731	14,841	13,840
55,592	52,469	31,224	30,637	24,114	19,416	16,799	15,621	14,501
38,365	36,768	35,025	33,790	23,885	21,373	19,609	18,742	17,400
57,249	64,091	36,022	38,352	24,949	25,766	25,288	30,235	31,110
475,091	466,891	344,093	259,409	232,210	159,544	139,409	126,295	113,567
81,397	70,517	52,504	57,422	64,601	49,783	45,401	39,768	35,750
16,986	12,466	10,328	8,131	1,352	572	45	75	(127)
56,949	45,047	43,152	40,553	32,554	25,528	21,843	17,750	13,594
4,076	3,917	2,703	3,265	3,323	1,557	1,002	592	701
61,025	48,964	45,855	43,818	35,877	27,085	22,845	18,342	14,295
37,358	34,019	16,977	21,735	30,076	23,270	22,601	21,501	21,328
50,262	36,666	26,445	18,978	25,486	18,676	14,170	7,407	3,429
		3,541						
$ 87,620	$ 70,685	$ 46,963	$ 40,713	$ 55,562	$ 41,946	$ 36,771	$ 28,908	$ 24,757

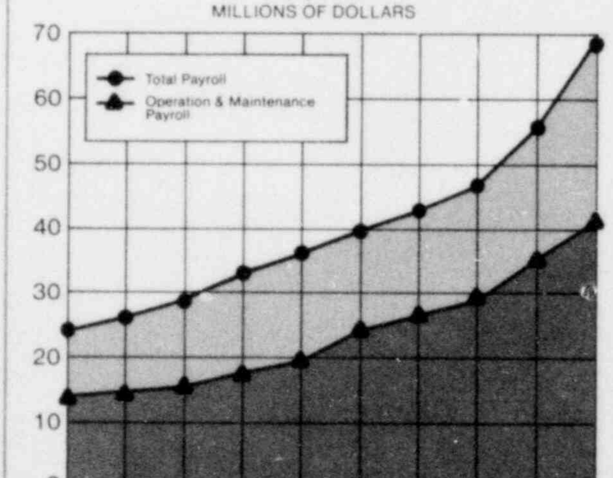
Average Annual Kilowatt Hour Use Residential Customers
THOUSANDS OF KWH



Kilowatt Hour Sales to Ultimate Customers
BILLIONS OF KWH



Payroll
MILLIONS OF DOLLARS



Electric Operating Revenues:	
(In Thousands of Dollars)	
Residential	$161,466
Commercial	101,048
Industrial—Aluminum processing	65,861
Industrial—Other	112,912
Government and municipal	11,486
Total from ultimate customers	452,773
Public utilities	125,979
Miscellaneous revenues	5,074
Total electric operating revenues	$583,826
Electric Sales (Millions of Kilowatt Hours):	
Residential	3,884
Commercial	2,444
Industrial—Aluminum processing	3,349
Industrial—Other	3,681
Government and municipal	326
Total sales to ultimate customers	13,684
Public utilities	4,204
Total energy sold	17,888
Number of customers—end of year:	
Residential	400,290
Commercial	49,009
Industrial—Aluminum processing	1
Industrial—Other	12,151
Government and municipal	1,617
Total ultimate customers	463,068
Public utilities	19
Total customers	463,087
Electric Energy:	
Source and disposition (Millions of Kilowatt Hours)	
Generated—net station output	
Gas	2,468
Oil	4,050
Nuclear	4,101
Hydro	251
Total generated	10,870
Purchased	7,740
Net interchange	296
Total	18,906
Less: Company uses, losses and unaccounted for	1,018
Total energy sold	17,888
Peak demand (Megawatts)	3,521

1978	1977	1976	1975	1974	1973	1972	1971	1970
$165,347	$155,225	$121,267	$104,440	$ 86,337	$ 68,098	$ 57,976	$ 49,718	$ 45,230
99,021	93,532	75,641	62,325	53,438	43,448	38,092	35,989	31,214
43,972	40,482	33,100	12,652	28,061	17,358	14,803	13,132	12,334
105,870	102,952	83,844	61,619	58,566	43,865	36,380	31,141	27,930
11,326	10,535	8,536	7,144	6,003	4,737	4,248	3,836	3,594
425,536	402,726	322,388	248,180	232,405	177,506	151,499	131,816	120,302
124,653	128,174	70,362	65,346	61,168	28,942	30,392	32,209	27,067
6,299	6,508	3,847	3,305	3,238	2,879	2,919	2,038	1,948
$556,488	$537,408	$396,597	$316,831	$296,811	$209,327	$184,810	$166,063	$149,317
4,062	3,838	3,369	3,368	3,077	3,103	2,770	2,393	2,182
2,472	2,353	2,162	2,072	1,893	1,903	1,753	1,614	1,503
2,686	2,597	2,145	1,011	2,569	2,594	2,569	2,540	2,574
3,545	3,443	3,160	2,840	3,042	2,920	2,702	2,426	2,230
334	325	307	297	284	290	285	276	265
13,099	12,556	11,143	9,606	10,865	10,810	10,079	9,249	8,754
4,475	5,170	3,247	3,548	3,640	2,899	3,382	4,594	4,906
17,574	17,726	14,390	13,154	14,505	13,709	13,461	13,843	13,660
394,766	387,495	379,556	371,491	364,954	355,673	343,468	330,566	318,732
48,424	47,580	46,844	45,657	44,957	44,073	43,188	46,785	45,606
1	1	1	1	1	1	1	1	1
11,724	11,182	10,913	10,431	9,926	9,508	9,175	4,733	4,638
1,573	1,519	1,500	1,446	1,396	1,317	1,282	1,235	1,188
456,488	447,777	438,814	429,026	421,234	410,572	397,114	383,320	370,165
19	25	25	25	25	25	24	71	75
456,507	447,802	438,839	429,051	421,259	410,597	397,138	383,391	370,240
470	487	1,168	2,645	3,209	3,919	5,932	7,630	9,676
6,741	6,973	4,010	2,242	3,920	4,089	2,484	1,496	382
5,220	5,085	3,858	4,874	171				
131	98	94	172	230	321	125	92	133
12,562	12,643	9,130	9,933	7,530	8,329	8,541	9,218	10,191
6,162	6,133	6,172	4,070	7,670	5,890	5,944	5,474	4,268
8	(65)	43	101	181	361	10	17	36
18,732	18,711	15,345	14,104	15,381	14,580	14,495	14,709	14,495
1,158	985	955	950	876	871	1,034	866	835
17,574	17,726	14,390	13,154	14,505	13,709	13,461	13,843	13,660
3,654	3,336	3,242	2,868	3,049	2,744	2,607	2,565	2,312

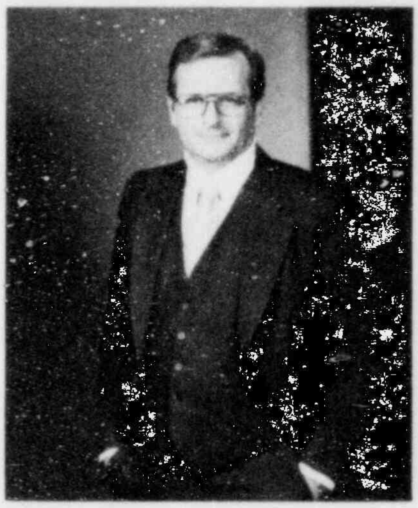
Jerry L. Maulden
President &
Chief Executive Officer
AP&L since 1965

W.M. Murphey
Senior Vice President,
Divisions
AP&L since 1936

J.D. Phillips
Senior Vice President,
System Engineering
& Planning
AP&L since 1963

Charles L. Steel
Vice President &
Assistant to the President
AP&L since 1970

William Cavanaugh, III
Vice President,
Generation & Construction
AP&L since 1969



Jack L. King
Vice President, Divisions
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General Counsel, Secretary
& Assistant Treasurer
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John J. Harton
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